



IOWA AGRICULTURAL
DEVELOPMENT DIVISION

IADD BOARD MEETING MINUTES

Via conference call

May 28, 2014

Board Members Present

Mark Leonard, Chair	John Fredrickson
Lyle Borg, Vice Chair	Annette Townsley
Stacie Euken	

Staff Members Present

Lori Beary, Community Development Director	Tammy Nebola, IADD Program Specialist
Steve Ferguson, IADD Program Specialist	Mark Thompson, General Counsel
Tim Jansen, Accounting Manager	

Others Present

Dave Claypool

Call to Order

The meeting of the Iowa Agricultural Development Division (IADD) Board of Directors was called to order by Chair Leonard on May 28, 2014 at 8:31 am. A quorum was established with the following Board Members present: Leonard, Borg, Euken, Fredrickson and Townsley.

Review of Minutes of April 23, 2014 Board Meeting

Mr. Leonard presented the minutes of the April 23, 2014 IADD Board Meeting.

MOTION

On a motion by Ms. Townsley and a second by Mr. Fredrickson, the Board unanimously approved the minutes of the April 23, 2014 IADD Board meeting.

Review of April 2014 financial statement

Tim Jansen presented the April 2014 financials. He stated that this month we received \$24,000 in BFLP fees and almost \$12,000 in BFTC fees. We received a bill from the State Auditor for the IADA FY13 audit for \$12,000. The year-to-date operating income is \$354,872, year-to-date operating expense is \$337,577 and year-to-date net operating income is \$17,295.

MOTION

On a motion by Mr. Fredrickson and a second by Ms. Euken, the Board unanimously approved the April 2014 financial statement as presented.

FY15 IADD Budget

Mr. Jansen asked if there were questions regarding the draft FY15 IADD Budget that was distributed at the April IADD Board meeting. The Board had requested additional information showing the difference in income and expenses now and when IADD was a separate agency. A more detailed comparison between IADD income and expenses for FY13, FY14 and FY15 was emailed to IADD Board members after the April meeting.

There were questions regarding what constituted state indirect expenses, MABSCO charges and the increase in salary and benefits. State indirect expenses are expenses every state agency must pay for IT support, human resources support, etc. The total that IFA pays in state indirect expenses is divided by the number of staff. Each program is assessed the amount of state indirect expense based on the number of staff in the department. While the MABSCO contract will be renewed in September and the expense may change, we assumed the same cost breakdown in the budget in order to be conservative. Most of the increase in salary and benefits is associated with charging about 10% of Lori Beary's and Tim Jansen's time to IADD. The amount seems unusually high. Staff will send out additional information regarding this to the Board prior to the next Board meeting.

The Board decided to wait until their June IADD Board meeting to recommend approval of the IADD FY15 Budget.

Loan Participation Program

Tammy Nebola presented information for a Loan Participation for Tyler and Kimberly Carlson with Luana Savings Bank in Luana. The LPP request is for \$85,176.56 to assist with the purchase of 175 acres of agricultural land in Clayton County. The project has also applied for a BFLP. Ms. Nebola explained that all the required LPP criteria are met. A loan committee consisting of Chair Leonard and Stacie Euken reviewed the application and recommended approval.

MOTION

On a motion by Ms. Townsley and a second by Mr. Borg, the Board unanimously approved the LPP application.

BFLP Amending Resolutions

Tammy Nebola presented the following resolutions to adjust terms and conditions on closed BFLP projects:

Resolution 2791M – Benjamin and Jennifer Hemingway – Community State Bank in Tipton is the lender. The amendment will lower the interest rate from 5.54% variable to 4.00% fixed until

maturity on May 6, 2024. The resolution will also decrease the rate floor from 5.54% to 4.00%. All other loan terms will remain the same.

Resolution 4545M – Brian J. Crock – Citizen’s State Bank in Monticello will be the lender. The amendment will change the bondholder from DeWitt Bank & Trust in DeWitt to Citizen’s State Bank in Monticello. All other loan terms will remain the same.

MOTION

On a motion by Mr. Borg and a second by Mr. Fredrickson, the Board unanimously accepted the BFLP amending resolutions.

Beginning Farmer Loan Applications

Tammy Nebola introduced the following applications for Beginning Farmer loans:

AG 14-016 – Tyler and Kimberly Carlson – Beginning farmer loan of \$500,000 to purchase approximately 175 acres of agricultural land in Clayton County. The loan will have a variable interest rate of 3.95% and a loan length of 30 years. The index will be .70% above the Wall Street Prime Rate, fixed for 15 years. The lender is Luana Savings Bank in Luana, IA.

AG 14-017 – Keaton Grevengoed – Beginning farmer loan of \$250,000 to construct a 1,200-head hog finisher building in Sioux County. The loan will have a variable interest rate of 4.00% and a loan length of 14 years. The index will be 2% over the 3-year CMT. The rate floor will be 4% with a 2% +/- maximum adjustment. The lender is Premier Bank in Rock Valley, IA.

AG 14-018 – Jesse Pollema – Beginning farmer loan of \$190,000 to purchase approximately 6 acres of agricultural land, house and out-buildings and to purchase machinery in Sioux County. The loan will have a variable interest rate of 4.75% and a loan length of 30 years. The index will be 70% of American State Bank’s base rate. The lender is American State Bank in Hull, IA.

AG 14-019 – Madison and Lanette Dykstra – Beginning farmer loan of \$250,000 to construct 2 26,000-head chicken barns in Sioux County. The loan will have a variable interest rate of 4.40% and a loan length of 15 years. The index will be 70% of American State Bank’s base rate. The lender is American State Bank in Hull, IA.

AG 14-020 – Anthony and Hillary Recker – Beginning farmer loan of \$340,000 to purchase approximately 16 acres of agricultural land and to construct a 1200-head hog finisher building in Clayton County. The loan will have a variable interest rate of 4.25% and a loan length of 12 years. The index will be 89% of their commercial interest rate. The lender is Farmers & Merchants Savings Bank in Manchester, IA.

AG 14-021 – Caleb Linke – Beginning farmer loan of \$61,470 to purchase approximately 19.21 acres of agricultural land in Page County. The loan will have a variable interest rate of 3.88% and a loan length of 30 years. The index will be 2.25% above the weekly average yield on US Treasury securities adjusted to a constant maturity of 5 years. The lender is Bank Iowa in Clarinda, IA.

AG 14-022 – Jacob L. Johansen – Beginning farmer loan of \$300,000 to purchase approximately 70 acres of agricultural land in Franklin County. The loan will have a fixed interest rate of 3.20% and a loan length of 25 years. The lender is First Bank Hampton in Hampton, IA.

AG 14-023 – Anthony and Sara Adrian – Beginning farmer loan of \$217,500 to construct a 1,800-head hog building in Jefferson County. The loan will have a fixed interest rate of 3.70% and a loan length of 10 years. The lender is US Bank in Ottumwa, IA.

AG 14-024 – Trenton Garringer – Beginning farmer loan of \$82,000 to purchase approximately 40 acres of agricultural land in Iowa County. The loan will have a variable interest rate of 4.10% and a loan length of 30 years. The index will be 2.36% above the 5-year U.S. Treasury Bill with a 2% rate cap per adjustment and a maximum 4% rate increase for the life of the loan. The lender is County Bank in Williamsburg, IA.

AG 14-025 – Jamie and Cory Bierman – Beginning farmer loan of \$166,250 to purchase approximately 95 acres of agricultural land in Cedar County. The loan will have a fixed interest rate of 5% and a loan length of 30 years. The lender is Community State Bank in West Branch, IA.

MOTION

On a motion by Mr. Borg and a second by Ms. Euken, the Board unanimously recommended approval of the Beginning Farmer Loan Applications.

Public Hearing on Beginning Farmer Loans

A public hearing was held by the IADD Board at the Iowa Finance Authority office on May 28, 2014 at 9:12 am. There were no comments received regarding the Beginning Farmer Loan applications. The public hearing was closed at 9:13 am.

MOTION

On a motion by Ms. Townsley and seconded by Mr. Fredrickson, the Board unanimously recommended approval of the BFLP Bond documents.

Beginning Farmer Tax Credit Applications

Steve Ferguson presented a summary of the Beginning Farmer Tax Credit applications. There were 29 new BFTC applications for an estimated tax credit amount of \$216,860. Steve noted

that there was one beginning farmer that is also a military veteran. With tax credits approved previously and these tax credits, \$4,357,050 in tax credits have been allocated so far in 2014.

MOTION

On a motion by Ms. Euken and a second by Mr. Borg, the Board unanimously recommended approval of the Beginning Farmer Tax Credit applications 1479, 1482, 1495, and 1500 - 1525.

Marketing Update

Included in the Board packet was the IADD marketing calendar. Steve Ferguson discussed the workshops he's been holding and the ones coming up.

Steve stated that IADD will have a booth at the Farm Progress Show. IADD will be purchasing tickets to the show and he asked board and staff to let him know in the next few weeks if they wanted a ticket.

Other Business

Included in the packet was a draft agenda for the August Board meeting to be held in Lewis at the Wallace Foundation Learning Center on August 22, 2014. There was discussion about the schedule and the Board expressed interest in the proposed tours. There was also discussion regarding the information that will be provided to the public at the Board meeting.

Information about the national conferences for NCOSAFP and NAARC was presented. Steve will send out additional information on the conferences when he receives it.

Lori provided an update on the interim financing program. After further discussions with bankers, we plan to change the structure from a loan participation program to a direct loan program. Staff plans to have the application, program summaries and other documents to the Board for approval at their July Board meeting.

The Board was reminded that they need to consider election of officers at their June or July meeting. It was decided to wait until July to elect officer for FY15.

Legislation extending the carry forward period from 5 years to 10 years for both tax credit programs was enacted this year. This change is retroactive for all tax credits issued in 2008 and after.

John Fredrickson noted that he planned on attending the next Joint IFA Board workshop for members of all IFA Boards in Waterloo on June 2-4.

The next IADD Board meeting will be on Friday, June 27, 2014 at 8:30 a.m. via conference call.

Adjournment

There being no further business, on a motion by Mr. Fredrickson and a second by Ms. Euken, the May 28, 2014 meeting of the IADD Board of Directors adjourned at 9:55am.


Dated this 27th day of June 2014.

Respectfully submitted:



Lori K. Beary
Director's Designee/Board Secretary

Approved as to form:



Lyle Borg, Vice Chair
IADD Board